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## **Gov. Gregoire proposes supplemental budget to close \$2.6 billion shortfall**

*Previews second budget to be released next month*

**OLYMPIA** – Gov. Chris Gregoire today proposed her 2010 supplemental state budget, which would fill a \$2.6 billion hole in the budget for 2009–11 through service eliminations, reductions or suspensions. As required by law, she submitted a budget based on currently available revenue.

Among the programs targeted for elimination are the state Basic Health Plan, which provides health care coverage to nearly 65,000 individuals (\$160 million); Apple Health for children, which provides health care coverage to 16,000 low-income children (\$11 million); and the General Assistance Unemployable program, which provides cash grants for 23,000 adults and medical services to nearly 17,000 adults (\$188 million).

In education, funding would be eliminated for 1,500 3-year-olds participating in the Early Childhood Education and Assistance Program; the kindergarten-through-4<sup>th</sup> grade staffing enhancement that reduces class size in the early grades; and levy equalization, which provides extra support to districts with a lower than average property tax base.

Slated for reduction are the State Need Grant program, where 12,300 students would lose grants, and grants would be smaller (\$146 million); and funding for the state's community and technical colleges as well as the baccalaureate institutions (\$89 million).

Gregoire explained that as difficult as it was to recommend an all-cuts budget, "We were thoughtful in making these decisions. They represent, I believe, the most responsible decisions we could make with the constraints we faced."

Months after balancing the biennial budget in the spring, another budget gap developed as state revenues again plummeted due to weak consumer spending, and state costs that rose from higher demand for unemployment benefits, health care and public education.

The governor recently announced several reforms to make government services more efficient through consolidations and eliminations of a number of boards and commissions. She is closing all or part of nine state institutions. She will be proposing measures to allow local governments more spending flexibility and school districts the authority to access voter-approved levies. And she has directed the Department of Corrections to move ahead immediately on actions to consolidate inefficient facilities.

“As we made the hard decisions necessary to produce this budget, I understood the impact of these cuts on real people,” Gregoire said. “I realize the future this budget will create. It does not reflect my values nor do I believe it reflects the values of my fellow citizens.”

“Let me be very clear: I do not support this budget. As required by law, it is balanced. For me, it is unjust.”

The governor plans on introducing in a second budget in January, which will restore several of the most critical programs that would be eliminated by the all-cuts budget, including:

- Basic Health and Apple Health plans;
- General Assistance program for the most needy;
- Levy equalization funds for public schools;
- State financial aid to allow more students to attend higher education;
- Early childhood education money;
- Adult medical, dental, vision and hospice programs; and
- Developmental disability and long-term care provider funds.

“Today’s document does not reflect our values as a state,” Gregoire said. “It does not reflect the Washington I know and love or the Washington I want for our future and the future of our children and grandchildren. I am convinced it is not the plan for the future that Washingtonians would choose, either.”

Her second budget will be accompanied by a revenue package that would eliminate tax exemptions, close loopholes and raise revenues.

The governor expressed concern about new tax burdens for families and businesses.

“I will do my best to avoid any new taxes that slow our economic recovery. I will balance, as best I can, my interest in keeping new taxes down, while still protecting programs that I believe the vast majority of us agree are just too important to eliminate,” Gregoire said. “We need a combination of reduced funding for services and raising revenue.”

After tapping into the state’s Rainy Day Fund, Gregoire’s proposed budget leaves an ending fund balance of \$310.5 million.

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